



STATE OF MISSISSIPPI
MILITARY DEPARTMENT

THE ADJUTANT GENERAL'S OFFICE
POST OFFICE BOX 5027
JACKSON, MISSISSIPPI 39296-5027



FINANCIAL AUDIT FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
Post Office Box 956
Jackson, Mississippi 39205-0956

February 1, 2006

Dear Mr. Bryant:

We appreciate the professionalism and courtesy shown our staff by your audit staff during the financial audit recently conducted. We had no exit conference due to scheduling conflicts but received the Financial Audit Management Report and the following details our response to its Findings:

AUDIT FINDINGS:

REPORTABLE CONDITION

Construction in Progress Activity Should Be Properly Recorded and Reconciled

Response: We agree with this recommendation.

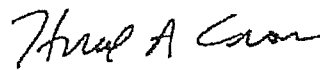
Corrective Action Plan:

- A. The Mississippi Military Department (MMD) is revamping its Construction-in-Progress Software program to prevent inclusion of Maintenance and Repair project costs into the "Construction-in-Progress" account balances.
- B. The Mississippi Military Department (MMD) will ensure reconciliations of the deletions from the construction in progress account to additions in other capital asset accounts are performed before completion of the annual GAAP packages. Even though this may not pose a material effect, it does misstate the financial position of the Mississippi Military Department (MMD) and we will correct this deficiency.
- C. The Mississippi Military Department (MMD) acknowledges the cost of maintenance and repairs should not be capitalized on the financial statements and we will modify our Construction in Progress accounting to identify any misstatements.
- D. Implementation of this corrective action plan is effective immediately.

Phil Bryant, State Auditor
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Should you have any questions or need additional information, contact our Director of State Resources, Colonel Robert F. Thomas at 313-6212.

Sincerely,

A handwritten signature in cursive script, appearing to read "Harold A. Cross".

Harold A. Cross
Major General, Mississippi National Guard
The Adjutant General of Mississippi